

J. C. Penney Company
Incorporated

Financial Statement

*Operating One Thousand
and Twenty-Three Stores.*

December 31, 1928.

New York, N. Y.

March 6, 1929.

To the Stockholders of the
J. C. PENNEY COMPANY:

In presenting to you, herewith, the statement of the J. C. Penney Company as of December 31, 1928 we feel that a few comments are not out of place.

A glance at the figures reveals a most satisfactory financial condition. Sales for 1928 aggregated an amount in excess of One Hundred Seventy-Six Million Dollars, or an increase of over 16% in comparison with figures for 1927. Net profits on Common amounting to \$14.12 per share was also a substantial increase over the previous year.

For the current year, a well-planned expansion program is in swing and with a liberal increase of units, together with more volume in our established stores, we expect to surpass our 1928 sales record by not less than Thirty-Five Million Dollars.

It is our belief that this statement, together with the comments just recited, will cause you to share in our delight with the results for 1928 and join with us in making the year 1929 all that we expect it to be.

Respectfully submitted,

E. C. SAMS
President.

J. C. PENNEY COMPANY

Income Account For Year Ended December 31, 1928.

Sales		\$176,698,989.14
Cost of Merchandise Sold, Selling and General Expenses, Depreciation and Reserve for Federal Taxes		166,714,327.84
		<u>7,984,661.30</u>
Discount on Purchases and Miscellaneous Income		604,310.28
Net Profit before Preferred Stock Dividends		10,588,971.58
Less Preferred Stock Dividends paid from 1928 Earnings		<u>1,067,754.00</u>
Transferred to Surplus	\$9,021,217.58	
Transferred to Reserve for Contingencies	500,000.00	<u>\$ 9,521,217.58*</u>
<i>Note:</i>		
*Applicable to Classified Common Stock	89,519.05	
Applicable to Common, No Par Stock	9,431,698.53	
Total	<u>\$9,521,217.58</u>	

SURPLUS ACCOUNT

Surplus at December 31, 1927		13,445,671.31
Net Sundry Additions during Year		<u>110,451.61</u>
		13,556,122.92
Less Common Stock Dividends:		
In Cash	4,134,350.90	
In Stock (as Stock Conversion)	<u>521,709.56</u>	4,656,060.46
		<u>8,900,062.46</u>
Add Net Income for 1928 after deducting Preferred Stock Dividends and amount transferred to Reserve for Contingencies		9,021,217.58
Surplus at December 31, 1928		<u>\$17,921,280.04†</u>
<i>Note:</i>		
†Applicable to Classified Common Stock	105,839.35	
Applicable to Common, No Par Stock	17,815,440.69	
Total	<u>\$17,921,280.04</u>	



J. C. PENNEY COMPANY

Balance Sheet

As at December 31, 1928.

ASSETS

Cash in Banks and on Hand		\$ 5,415,057.97
Merchandise—at Cost or Market, whichever is lower		30,906,814.40
		<u>36,321,872.37</u>
Notes Receivable, Due from Employees (Secured by Capital Stock)		25,943.34
Stock Subscription Contracts for Capital Stock held for Employees, less Payments made		172,650.86
Accounts Receivable, Advances, Etc.: Subsidiary Companies	\$1,985,000.00	
Miscellaneous	181,698.20	2,166,698.20
Investment in Subsidiary Companies—at Cost		50,000.00
Land and Buildings, less Depreciation	1,466,255.85	
Furniture and Fixtures, less Depreciation	5,690,473.29	
	<u>7,156,729.14</u>	
Improvements and Leaseholds, less Amortization	3,410,282.34	10,567,011.48
		<u>\$49,304,176.25</u>

LIABILITIES

Accounts Payable, not yet due		\$ 4,127,803.36
Reserve for Federal Taxes		1,622,709.37
		<u>5,750,512.73</u>
Mortgages Payable		140,500.00
Reserves:		
Reserves for Fire Losses, Etc., and Employees' Death Benefit Fund	\$ 980,239.53	
Reserve for Contingencies	800,000.00	1,780,239.53
Capital Stock:		
Preferred 6% Cumulative (Authorized \$30,000,000.00)	17,795,900.00	
Classified Common (Authorized \$5,000,000.00)	1,155,666.67	
Common, No Par—667,888 Shares (Authorized 1,250,000 Shares)	4,760,077.28	23,711,643.95
Surplus		17,921,280.04
Contingent Liabilities—None.		
		<u>\$49,304,176.25</u>

CERTIFICATE OF AUDITORS

We have examined the books and accounts of the J. C. Penney Company for the purpose of verifying the assets and liabilities as at December 31, 1928. We have made a test check of the physical existence of the merchandise stock at a sufficient number of the Company's stores to satisfy ourselves as to the correctness of the inventories; we have also made adequate tests to satisfy ourselves that the basis of valuation is at cost or market, whichever is lower.

We hereby certify that, in our opinion, the foregoing Balance Sheet, which is in agreement with the books, correctly sets forth the financial position of the Company as at December 31, 1928.

New York, N. Y.,
March 2, 1929.

PEAT, MARWICK, MITCHELL & CO.

OFFICERS

J. C. PENNEY, <i>Chairman of the Board</i>	
E. C. SAMS	<i>President</i>
GEO. H. BUSHNELL	<i>Vice-President</i>
J. M. McDONALD	<i>2nd Vice-President</i>
J. I. H. HERBERT	<i>3rd Vice-President and Treasurer</i>
L. A. BAHNER	<i>Secretary</i>
R. W. TROWN	<i>Comptroller</i>

DIRECTORS

J. C. PENNEY, *Chairman*

E. C. SAMS	D. G. McDONALD
GEO. H. BUSHNELL	R. H. OTT
J. M. McDONALD	L. V. DAY
J. I. H. HERBERT	G. H. CROCKER
WILK HYER	L. A. BAHNER